



**In The Name Of Allah  
The Merciful  
The Compassionate**

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**COMPANY INFORMATION****BOARD OF DIRECTORS**

Anwar Saifullah Khan - **Chairman**  
Osman Saifullah Khan - **Chief Executive**  
Kulsum Saifullah Khan  
Jehangir Saifullah Khan  
Hoor Yousafzai  
Assad Saifullah Khan  
Asif Saifullah Khan

**AUDIT COMMITTEE**

Hoor Yousafzai - **Chairperson**  
Jehangir Saifullah Khan - **Member**  
Assad Saifullah Khan - **Member**

**CHIEF FINANCIAL OFFICER**

Zaheen-ud-Din Qureshi

**COMPANY SECRETARY**

Mumtaz H. Chaudhry

**AUDITORS**

Hameed Chaudhri & Co.,  
Chartered Accountants

**LEGAL ADVISOR**

Dr. Pervez Hassan  
Hassan & Hassan, Advocates  
Salahuddin Saif & Aslam  
(Attorney's at law)

**BANKERS**

Albaraka Islamic Bank  
First National Bank Modaraba  
National Bank of Pakistan  
The Bank of Punjab  
United Bank Limited

**HEAD OFFICE**

Kulsum Plaza, 4th Floor,  
2020 - Blue Area, Islamabad  
Phone : (051) 2823924, 2829415  
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**REGISTERED OFFICE**

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Jamrud Road, Peshawar  
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Fax : (091) 5840273  
E-mail : peshawar@saifgroup.com

**MILLS**

Saifabad, Kohat  
Phone : (0922) 518615, 518712  
Fax : (0922) 512295  
E-mail : ktmkht@saifgroup.com

**CYBER**

www.kohattextile.com

**DIRECTORS' REPORT TO THE MEMBERS**

We are pleased to present the reviewed condensed interim financial information for the half year ended 31 December, 2010.

**OPERATING FINANCIAL RESULTS**

The major highlights of your Company as compared to the corresponding period of the preceding Financial Year are as follows:

	<b>Half year Ended 31 December, 2010</b>	Half year Ended 31 December, 2009
	(Rupees in thousand)	
Sales	<b>1,093,498</b>	672,951
Gross Profit	<b>109,371</b>	36,805
Profit from operations	<b>84,921</b>	13,465
Finance Cost	<b>41,372</b>	58,951
Profit / (Loss) Before Tax	<b>43,548</b>	(45,486)
Profit / (Loss) After Tax	<b>32,612</b>	(25,638)
Earnings / (Loss) per share	<b>1.57</b>	(1.23)

During the period under review, your Company has earned a profit after tax of Rs.32.612 million as compared to a loss of Rs.25.638 million during the corresponding period of last year. As compared to last year sales have grown by 62%. Growth in sales is mainly due to higher yarn prices and better capacity utilization. With growth in sales, gross profit margin has improved to 10% as compared to 5.47% for the comparable corresponding period. The Company's net profit margin has improved to 2.98% as compared to a net loss in the corresponding period. This is primarily due to an improvement in profit margins and the benefit of a mark-up rate subsidy provided by the Federal Government's special package for the revival of economic life in the Khyber Pakhtunkhwa Province.

The overall performance of your Company would have been even better if fuel prices, electricity rates, the escalation in KIBOR and the weakness of the Pak Rupee had remained in check.

**AUDITORS' MODIFIED REPORT**

The Auditors have modified their report regarding the deferred tax assets recognized up to financial year ended 30 June, 2010. Gains and profits of the Company are exempt from income tax for the period of three years due to the location of the manufacturing facility in an area effected by the law and order situation. Reversal of deferred tax asset is expected even after the expiry of the exemption period.

The Auditors have modified their report regarding recognition of mark-up rate subsidy aggregating to Rs.24.859 million relating to the financial year ended 30 June, 2010 in the said year. Management is of the view that recognition of subsidy aggregating Rs.24.859 million related to previous financial year in current period along with current period subsidy aggregating Rs.26.597 million would have resulted in a materially misstated the financial result being reported in the period under review which is also against the matching concept. It is pertinent to draw attention to the fact that the recognition of this subsidy in the previous financial year has no impact on accumulated losses of the Company as on 31 December, 2010.

**FUTURE PROSPECTS**

Raw material prices are continuously rising from the start of the financial year and touched an all time high. These prices are reflective of the rising trend of yarn prices and trading of yarn future markets, caused by the damage to the cotton crop in Pakistan because of the August 2010 floods coupled with the increasing demand for yarn in the international market.

The important factor which would determine our future profits would be uninterrupted power and gas supply. Furthermore, increase in raw material prices, prolonged power shortages and high rate of inflation may also affect the future profitability.

Since yarn prices have kept pace with increase in raw material prices, your management is confident in their ability to achieve higher targets. However, the expected exclusion of the textile sector from zero rated supplies will also affect the future outlook for the textile sector.

The management of your Company is committed to address the future challenges by effective operational and financial planning to enhance the value of your Company.

**ACKNOWLEDGEMENT**

The Board avails the opportunity to appreciate the devoted work done by the executives, officers, staff and workers of the company.

**for and on behalf of the Board**

**Osman Saifullah Khan**  
Chief Executive

Dated: 28 February, 2011

## **AUDITORS' REPORT TO THE MEMBERS ON REVIEW OF INTERIM FINANCIAL INFORMATION**

### **Introduction**

We have reviewed the accompanying condensed interim balance sheet of **KOHAT TEXTILE MILLS LIMITED** as at 31 December, 2010 and the related condensed interim profit and loss account, condensed interim cash flow statement and condensed interim statement of changes in equity together with the notes forming part thereof for the half-year then ended (here-in-after referred to as the "interim financial information"). Management is responsible for the preparation and presentation of this interim financial information in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on this interim financial information based on our review.

The figures of the condensed interim profit and loss account for the quarters ended 31 December, 2010 and 2009 have not been reviewed, as we are required to review only the cumulative figures for the half-year ended 31 December, 2010.

### **Scope of Review**

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

### **Basis for Qualified Conclusion**

1. Deferred tax asset upto financial year ended 30 June, 2010 has been recognised despite the availability of unused tax losses (note 8.2).
2. Mark-up subsidy aggregating Rs.24.859 million would have been recognised in the profit and loss account for the current period ended 31 December, 2010 instead of the profit and loss account for the financial year ended 30 June, 2010. Had mark-up subsidy been recognised during the current period, profit for the current period would have been higher by Rs.24.859 million and profit for the prior period would have been lower by the same amount (note 9.2).

### **Qualified Conclusion**

Based on our review, except for the matters referred to in the aforementioned paragraphs and the extent to which these may affect the annexed interim financial information, nothing has come to our attention that causes us to believe that the accompanying interim financial information as of and for the half-year ended 31 December, 2010 is not prepared, in all material respects, in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting.

Place: **LAHORE**  
Date: 28 February, 2011

**HAMEED CHAUDHRI & CO.,**  
**CHARTERED ACCOUNTANTS**  
Engagement Partner: Abdul Hameed Chaudhri

**CONDENSED INTERIM BALANCE SHEET  
AS AT 31 DECEMBER, 2010**

	Note	Un-audited 31 Dec., 2010 (Rupees in thousand)	Audited 30 June, 2010
<b>EQUITY AND LIABILITIES</b>			
<b>SHARE CAPITAL</b>			
Authorised capital 22,000,000 ordinary shares of Rs.10 each		220,000	220,000
Issued, subscribed and paid-up		208,000	208,000
<b>ACCUMULATED LOSS</b>		<b>(158,710)</b>	<b>(195,256)</b>
		49,290	12,744
<b>SURPLUS ON REVALUATION OF OPERATING FIXED ASSETS</b>		<b>297,536</b>	301,470
<b>NON-CURRENT LIABILITIES</b>			
Sub-ordinated loan		100,000	100,000
Long term financing		225,000	262,500
Long term deposits		806	1,263
Deferred liability - staff retirement benefits		26,167	23,906
		351,973	387,669
<b>CURRENT LIABILITIES</b>			
Trade and other payables		179,896	143,645
Accrued interest / mark-up		50,268	46,534
Short term borrowings		461,683	553,799
Current portion of:			
- long term financing		75,000	81,250
- liabilities against assets subject to finance lease		2,069	7,971
Taxation		383	0
		769,299	833,199
<b>CONTINGENCIES AND COMMITMENTS</b>	6	<b>1,468,098</b>	<b>1,535,082</b>
<b>ASSETS</b>			
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	7	750,068	759,674
Long term loans		1,098	1,275
Long term deposits		1,137	1,137
Deferred taxation	8	66,784	66,784
		819,087	828,870
<b>CURRENT ASSETS</b>			
Stores, spare parts and loose tools		19,966	20,934
Stock-in-trade		329,191	421,020
Trade debts		262,629	221,283
Loans and advances		6,374	2,552
Deposits and short term prepayments		2,092	998
Mark-up subsidy receivable		16,758	24,859
Other receivables	9	416	400
Taxation		0	3,079
Sales tax refundable		10,348	10,512
Cash and bank balances		1,237	575
		649,011	706,212
		<b>1,468,098</b>	<b>1,535,082</b>

The annexed notes form an integral part of this condensed interim financial information.

**Anwar Saifullah Khan**  
Chairman / Director

**Osman Saifullah Khan**  
Chief Executive

**CONDENSED INTERIM PROFIT AND LOSS ACCOUNT  
FOR THE QUARTER AND HALF-YEAR ENDED 31 DECEMBER, 2010 (UN-AUDITED)**

	Quarter ended		Half-year ended	
	31 Dec., 2010	31 Dec., 2009	31 Dec., 2010	31 Dec., 2009
	----- (Rupees in thousand) -----			
<b>SALES</b>	<b>615,309</b>	395,265	<b>1,093,498</b>	672,951
<b>COST OF SALES</b>	<b>559,190</b>	372,930	<b>984,127</b>	636,146
<b>GROSS PROFIT</b>	<b>56,119</b>	22,335	<b>109,371</b>	36,805
<b>DISTRIBUTION COST</b>	<b>1,370</b>	2,038	<b>2,815</b>	3,628
<b>ADMINISTRATIVE EXPENSES</b>	<b>9,595</b>	9,883	<b>19,218</b>	19,712
<b>OTHER OPERATING EXPENSES</b>	<b>2,574</b>	0	<b>2,719</b>	0
<b>OTHER OPERATING INCOME</b>	<b>(108)</b>	0	<b>(302)</b>	0
	<b>13,431</b>	11,921	<b>24,450</b>	23,340
<b>PROFIT FROM OPERATIONS</b>	<b>42,688</b>	10,414	<b>84,921</b>	13,465
<b>FINANCE COST</b>	<b>19,896</b>	30,554	<b>41,372</b>	58,951
<b>PROFIT / (LOSS) BEFORE TAXATION</b>	<b>22,792</b>	(20,140)	<b>43,549</b>	(45,486)
<b>TAXATION</b>				
- Current	<b>6,153</b>	1,980	<b>10,935</b>	3,368
- Prior year	<b>2</b>	18	<b>2</b>	18
- Deferred	<b>(6,248)</b>	(14,437)	<b>0</b>	(23,234)
	<b>(93)</b>	(12,439)	<b>10,937</b>	(19,848)
<b>PROFIT / (LOSS) AFTER TAXATION</b>	<b>22,885</b>	(7,701)	<b>32,612</b>	(25,638)
<b>OTHER COMPREHENSIVE INCOME</b>	<b>0</b>	0	<b>0</b>	0
<b>TOTAL COMPREHENSIVE INCOME / (LOSS)</b>	<b>22,885</b>	(7,701)	<b>32,612</b>	(25,638)
	----- (Rupees) -----			
<b>EARNINGS / (LOSS) PER SHARE</b>	<b>1.10</b>	(0.37)	<b>1.57</b>	(1.23)

The annexed notes form an integral part of this condensed interim financial information.

**Anwar Saifullah Khan**  
Chairman / Director

**Osman Saifullah Khan**  
Chief Executive

**CONDENSED INTERIM CASH FLOW STATEMENT  
FOR THE HALF-YEAR ENDED 31 DECEMBER, 2010 (UN-AUDITED)**

	Half-year ended	
	31 Dec., 2010	31 Dec., 2009
	(Rupees in thousand)	
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>		
Profit / (loss) for the period - before taxation	43,549	(45,486)
Adjustments for non-cash and other charges:		
Depreciation and amortisation	21,517	29,920
Staff retirement benefits - gratuity (net)	2,261	3,583
Gain on disposal of vehicles	(302)	0
Parts of gas fired power plant written-off	2,719	0
Finance cost (excluding bank charges)	41,091	57,992
Mark-up subsidy receivable	(16,758)	0
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>	<b>94,077</b>	<b>46,009</b>
- Before working capital changes		
<b>Decrease / (increase) in current assets:</b>		
Stores, spare parts and loose tools	968	2,766
Stock-in-trade	91,829	(153,436)
Trade debts	(41,346)	48,635
Loans and advances	(3,822)	(7,479)
Deposits and short term prepayments	(1,094)	(357)
Mark-up subsidy received	24,859	0
Other receivables	(16)	63
Sales tax refundable	164	(831)
<b>Increase / (decrease) in trade and other payables</b>	<b>36,251</b>	<b>(32,688)</b>
	<b>107,793</b>	<b>(143,327)</b>
<b>CASH INFLOW / (OUTFLOW) FROM OPERATING ACTIVITIES</b>	<b>201,870</b>	<b>(97,318)</b>
- Before taxation		
Income tax paid	(7,475)	(3,619)
<b>CASH INFLOW / (OUTFLOW) FROM OPERATING ACTIVITIES</b>	<b>194,395</b>	<b>(100,937)</b>
- After taxation		
Long term loans - net	177	21
<b>NET CASH INFLOW / (OUTFLOW) FROM OPERATING ACTIVITIES</b>	<b>194,572</b>	<b>(100,916)</b>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>		
Additions to property, plant and equipment	(15,128)	(11,644)
Sale proceeds of vehicles	800	0
<b>NET CASH OUTFLOW FROM INVESTING ACTIVITIES</b>	<b>(14,328)</b>	<b>(11,644)</b>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>		
Long term financing - repaid	(43,750)	0
Liabilities against assets subject to finance lease - repaid	(5,902)	(14,317)
Long term deposits	(457)	113
Short term borrowings - net	(92,116)	172,005
Finance cost paid	(37,357)	(44,332)
<b>NET CASH (OUTFLOW) / INFLOW FROM FINANCING ACTIVITIES</b>	<b>(179,582)</b>	<b>113,469</b>
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>	<b>662</b>	<b>909</b>
<b>CASH AND CASH EQUIVALENTS - At beginning of the period</b>	<b>575</b>	<b>811</b>
<b>CASH AND CASH EQUIVALENTS - At end of the period</b>	<b>1,237</b>	<b>1,720</b>

The annexed notes form an integral part of this condensed interim financial information.

**Anwar Saifullah Khan**  
Chairman / Director

**Osman Saifullah Khan**  
Chief Executive

**CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY  
FOR THE HALF-YEAR ENDED 31 DECEMBER, 2010 (UN-AUDITED)**

	Share Capital	Accumulated Loss	Total equity
------(Rupees In thousand)-----			
Balance as at 30 June, 2009	208,000	(226,094)	(18,094)
Loss after taxation for the half-year ended 31 December, 2009	0	(25,638)	(25,638)
Transfer from surplus on revaluation of operating fixed assets on account of incremental depreciation - net of deferred taxation	0	6,219	6,219
Balance as at 31 December, 2009	208,000	(245,513)	(37,513)
Profit after taxation for the half-year ended 30 June, 2010	0	42,097	42,097
Transfer from surplus on revaluation of operating fixed assets on account of incremental depreciation - net of deferred taxation	0	2,568	2,568
Surplus realised on disposal of revalued fixed assets - net of deferred taxation	0	5,592	5,592
Balance as at 30 June, 2010	208,000	(195,256)	12,744
Profit after taxation for the half-year ended 31 December, 2010	0	32,612	32,612
Transfer from surplus on revaluation of operating fixed assets on account of incremental depreciation - net of deferred taxation	0	3,934	3,934
<b>Balance as at 31 December , 2010</b>	<b>208,000</b>	<b>(158,710)</b>	<b>49,290</b>

The annexed notes form an integral part of this condensed interim financial information.

**Anwar Saifullah Khan**  
Chairman / Director

**Osman Saifullah Khan**  
Chief Executive

**NOTES TO AND FORMING PART OF THE  
CONDENSED INTERIM FINANCIAL INFORMATION  
FOR THE HALF-YEAR ENDED 31 DECEMBER, 2010 (UN-AUDITED)**

**1. CORPORATE INFORMATION**

Kohat Textile Mills Limited (the Company) is a public limited Company incorporated in Pakistan during the year 1967 and its shares are quoted on Karachi and Islamabad Stock Exchanges. It is principally engaged in manufacture and sale of yarn. The Company's Mills are located in Saifabad, Kohat and the Registered Office of the Company is located at APTMA House, Tehkal Payan, Jamrud Road, Peshawar.

**2. BASIS OF PREPARATION**

This condensed interim financial information of the Company for the half-year ended 31 December, 2010 is un-audited and has been prepared in accordance with the requirements of the International Accounting Standard (IAS) 34 (Interim Financial Reporting) and provisions of and directives issued under the Companies Ordinance, 1984 (the Ordinance). In case where the requirements differ, the provisions of or directives issued under the Ordinance have been followed. These are required to be presented to the shareholders under section 245 of the Ordinance.

This condensed interim financial information is un-audited but subject to limited scope review by the Auditors and do not include all the information and disclosures as required in the annual financial statements and should be read in conjunction with the Company's annual financial statements for the year ended 30 June, 2010.

**3. SIGNIFICANT ACCOUNTING POLICIES**

The accounting policies and the methods of computation adopted in the preparation of this condensed interim financial information are the same as those applied in the preparation of audited annual financial statements of the Company for the year ended 30 June, 2010 except for the adoption of new accounting policies as referred to note in 3.1.

**3.1 Initial application of standards, amendments or an interpretation to existing standards:**

Following new standards, amendments and interpretation to existing standards are mandatory for the accounting periods beginning on or after 01 July, 2010, but are either not currently relevant to the Company or do not have any significant effect on the Company's current financial information:

- IFRS 2 (Amendment), 'Group cash-settled and share base payment transactions';
- IFRS 3 (Revised), 'Business combinations';
- IFRS 5 (Amendment), 'Measurement of non-current assets (or disposal groups) classified as held for sale'
- IFRS 8 (Amendment), 'Operating segments';
- IAS 1 (Amendment), 'Presentation of financial statements';
- IAS 7 (Amendment), 'Cash flow statement';
- IAS 27 (Amendment), 'Consolidated and separate financial statements';
- IAS 32 (Amendment), 'Financial instruments: Presentation - Classification of right issues';
- IAS 38 (Amendment), 'Intangible assets';
- IAS 39 (Amendment), 'Financial instruments: Recognition and measurement - Eligible hedged items';
- IFRIC 17 Distribution of non-cash assets to owners';
- IFRIC 18 Transfer of assets from customers';
- IFRIC 19 (Interpretation), 'Extinguishing financial liabilities with equity instrument's; and
- Number of other amendments in other IFRS and IAS which were part of the International Accounting Standard Board's annual improvement projects, published in April, 2009.

**3.2 Standards, amendments and interpretation to existing standards that are not yet effective and have not been early adopted by the Company:**

Following new standards, amendments and interpretation to existing standards have been issued but will be effective for accounting periods beginning on or after the dates specified below:

- IFRS 9 Financial instruments' (effective from 01 January, 2013);
- IAS 24 (Revised) 'Related party disclosures' (effective 01 January, 2011); and
- IFRIC 14 (Amendment), 'The limit on defined benefit assets, minimum funding requirements and their interaction' (effective from 01 January, 2011).

**4. ACCOUNTING ESTIMATES AND JUDGEMENTS**

The preparation of this condensed interim financial information in conformity with the approved accounting standards requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Actual results may differ from these estimates.

During the preparation of this condensed interim financial information, the significant judgements made by the management in applying the Company's accounting policies and the key sources of estimation and uncertainty were the same as those that applied to annual audited financial statements for the year ended 30 June, 2010.

**5. PRESENTATION**

Figures in the condensed interim financial information have been rounded-off to the nearest thousand Rupees except stated otherwise.

**6. CONTINGENCIES AND COMMITMENTS**

- 6.1** There has been no significant change in the status of contingencies as reported in the preceding published annual financial statements of the Company for the year ended 30 June, 2010.
- 6.2** Commitments against irrevocable letters of credit outstanding as at 31 December, 2010 were for Rs.80.184 million (30 June, 2010: Rs.128.764 million).

		(Un-audited) Half-year ended 31 Dec, 2010	(Audited) Year ended 30 June, 2010
<b>7. PROPERTY, PLANT &amp; EQUIPMENT</b>	<b>Note</b>	<b>(Rupees in thousand)</b>	
Operating fixed assets - tangible	7.1	743,118	748,745
Capital work-in-progress - at cost	7.2	5,228	10,316
Stores held for capital expenditure - in transit		1,722	613
		<b>750,068</b>	<b>759,674</b>
<b>7.1 Operating fixed assets</b>			
Opening book value		748,745	792,683
Additions during the period / year:			
<b>Owned:</b>			
- buildings on freehold land:			
- factory		168	4,887
- non-factory		0	3,333
- plant and machinery		5,901	12,451
- gas fired power plant		10,316	0
- equipment & appliances		437	1,024
- furniture & fixtures		23	0
- vehicles		2,262	840
		<b>19,107</b>	<b>22,535</b>
Book value of operating fixed assets disposed-off during the period / year		(498)	(23,023)
Parts of gas fired power plant written-off during the period / year - at book value		(2,719)	0
Depreciation charge for the period / year		(21,517)	(43,450)
Closing book value		<b>743,118</b>	<b>748,745</b>
<b>7.2 Capital work-in-progress</b>			
Residential building		5,228	0
Gas fired power plant		0	10,316
		<b>5,228</b>	<b>10,316</b>

**8. DEFERRED TAXATION - Net**

**8.1** The Company's income is exempt from tax for a period of three years under clause 126F of the second schedule to the Income Tax Ordinance, 2001 started from tax year 2010 due to location of mills premises in the most effected area. As of balance sheet date, no adjustment has been reflected in deferred tax asset for the period as taxable profits will not be available during the exempted tax periods against which the unused tax losses will be utilised.

**8.2** Deferred tax asset, upto financial year ended 30 June, 2010, has been recognised based on the projections prepared by the management indicating reasonable probability that taxable profits will be available in the foreseeable future against which the unused tax losses will be utilised.

**9. MARK-UP SUBSIDY RECEIVABLE**

**9.1** The Federal Government has included the entire Textile Sector of Khyber Pakhtunkhwa in the Prime Minister's Fiscal Relief Package to rehabilitate the economic life in FATA / PATA / Khyber Pakhtunkhwa. The Company, in terms of SMEFD Circular No.11 dated 01 July, 2010 read with SMEFD Circular Letter No.13 of 2010 dated 31 August, 2010 and SMEFD Circular Letter No.01 of 2011 dated 15 January, 2011, is eligible to avail mark-up rate differential on business loans comprising of long term financing and short term borrowings outstanding as at 31 December, 2009. The Company's claims aggregating Rs.16.758 million (30 June, 2010: Rs.24.859 million) have been adjusted against accrued mark-up by the banks subsequent to the balance sheet date.

- 9.2 As more fully explained in note 28.2 to the financial statements of the Company for the year ended 30 June, 2010, mark-up subsidy aggregating Rs.24.859 million has been recognised in the profit and loss account for the financial year ended 30 June, 2010 instead of the profit and loss account for the current period ended 31 December, 2010. However, there is no impact on accumulated losses of the Company as at 31 December, 2010.

#### 10. TRANSACTIONS WITH RELATED PARTIES

- 10.1 Aggregate transactions made during the period with the Associated Companies were as follows:

	(Un-audited) Half-year ended 31 Dec, 2010	(Un-audited) Half-year ended 31 Dec, 2009
(Rupees in thousand)		
- sale of goods and services	15	13,436
- purchase of goods and services	24,635	13,772
- mark-up accrued on:		
- sub-ordinated loan	7,483	7,282
- short term borrowing	265	755

- 10.2 Trade and other payables include due to Associated Companies aggregating Rs. 1.731 million (30 June, 2010: Rs.5.720 million).

- 10.3 Short term borrowings include Rs.10 million; a short term loan obtained from Saif Holdings Ltd. (An associated Company).

- 10.4 No other transactions, other than remuneration and benefits to key management personnel under the terms of their employment, were executed with other related parties during the period.

#### 11. DATE OF AUTHORISATION FOR ISSUE

This condensed interim financial information was authorised for issue in the Board of Directors' meeting held on 28 February, 2011.

#### 12. CORRESPONDING FIGURES

In order to comply with the requirements of International Accounting Standard 34 - 'Interim Financial Reporting', corresponding figures in the condensed interim balance sheet comprise of balances as per the annual audited financial statements of the Company for the year ended 30 June, 2010 and the corresponding figures in the condensed interim profit and loss account, condensed interim cash flow statement and condensed interim statement of changes in equity comprise of balances of comparative period as per the condensed interim financial information of the Company for the half-year ended 31 December, 2009. Corresponding figures have been re-arranged, whenever, necessary, for the purpose of comparison. However no significant re-arrangements have been made.

**Anwar Saifullah Khan**  
Chairman / Director

**Osman Saifullah Khan**  
Chief Executive